



Vitale Foodtown



Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

RJ Reynolds
Tobacco Company





1995 Merchandising Program - Pack Outlets

<i>Program Comparison</i>	
<u>Old Program</u>	
Industry Volume based	RJR Volume - Pay for performance
Volume ranges	Volume ranges
- Broad	- Multiple
- Capped near trade average	- Competitive in high volume accounts
Base requirements	Base requirements
- 1 Full Price display	- 2 Full Price display
- 1 Savings display	- 1 Savings display
- Enhanced sign	
Minimal additional signage requirement	Share of signage equal to RJR SOM
Enhancement option - Payment flexibility	Enhancement option - Payment flexibility
Component (stand alone) option	Component (stand alone) option - Payment flexibility
Minimum Volume requirement	Minimum Volume requirement
- 76 Industry CPW	- 100 Industry CPW
	- 17 RJR CPW

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1995 Merchandising Program Requirements Pack Outlets

- **RJR Full Price Display in Primary Position**
- **RJR Full Price Display is in a 2nd, 3rd, or 4th Full Price Position**
- **RJR Savings Brand Display in a Primary Savings Position**
- **Display RJR "Lowest" brands, if applicable**
- **Provide RJR accurate volume information. Authorize primary and other suppliers to release brand style volume information to RJR.**
- **Provide RJR share of available signage (excluding signage on fixtures / displays) equal to RJR share of market.**



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1995 Merchandising Program Requirements

Pack Outlets *(continued)*

- Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.
- Ensure RJR brands are represented in all price tiers as required.
- Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
- Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
- Accept new RJR brand styles as requested by RJR Representative.
- RJR reserves the right for final approval of display / advertising sizes and locations.

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1995 Retail Merchandising Program Potential Payments

BASE PLAN

<u>RJR Cartons Weekly</u>	<u>S/S Stores</u>	<u>NSS Stores</u>
17-26	\$ 90	\$ 60
27-35	\$ 120	\$ 81
36-42	\$ 150	\$ 100
43-48	\$ 170	\$ 114
49-57	\$ 185	\$ 126
58-67	\$ 200	\$ 135
68-78	\$ 215	\$ 145

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1995 Retail Merchandising Program Component Display Option

- Full Price Display (16 minimum facings)
- Savings Display (24 minimum facings)
- Enhanced Sign

<u>RJR Cartons Weekly</u>	<u>S/S Stores</u>	<u>NSS Stores</u>
17-42	\$ 95	\$ 90
43-67	\$ 115	\$ 110

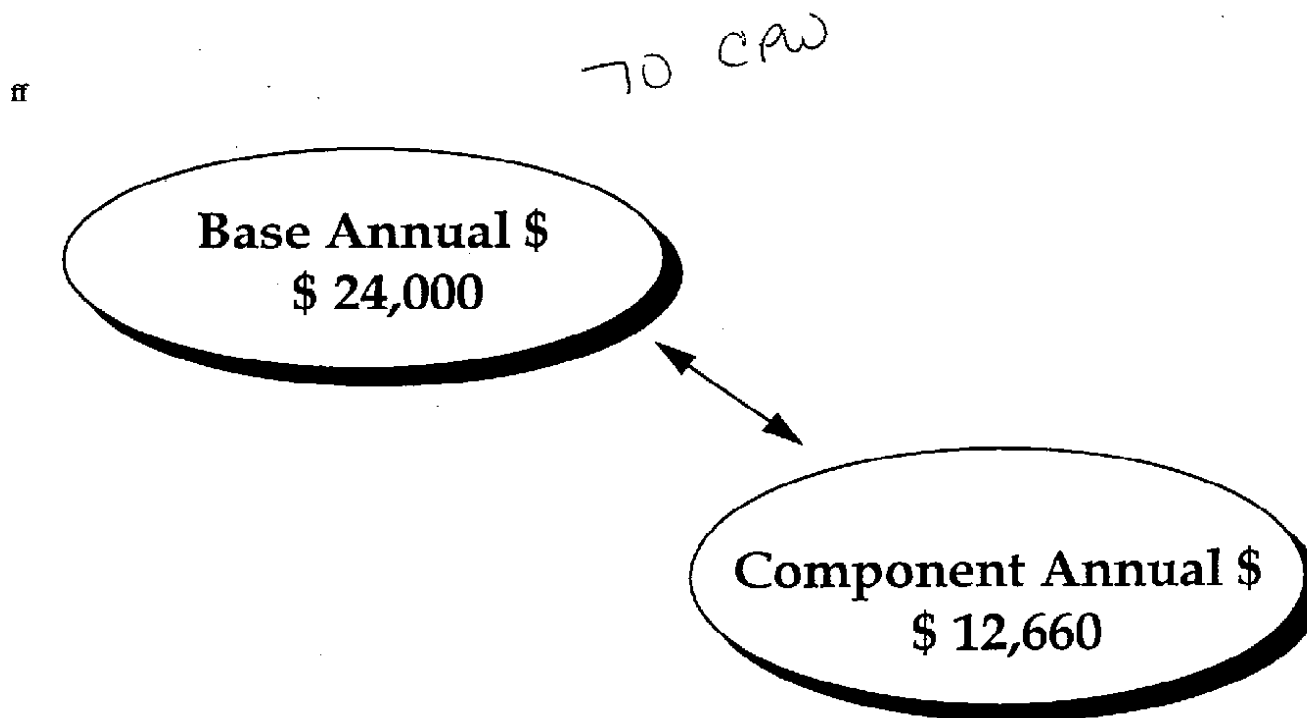
Note: Component Program does not qualify for
RJR Co-Marketing Program.

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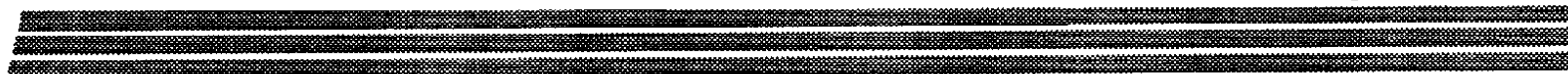



1995 Retail Merchandising Program (Comparison of Base vs. Component Programs)



- Last Quarter payments= \$ 5,230

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1995 Cigarette Merchandising Program

(Comparison of Current vs. New Program)
based on 10 stores with avg. volume of 70 RJR cpw

Current Annual

\$ 20,920

New Annual
base program

\$ 24,000

component program
Annual \$
\$ 12,660

6 stores w/ NSS Carton
& ss packs, 4 stores component prgm
\$ 17,268 annually

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1995 Co-Marketing Promotion Accrual Program

Co-Marketing Program Changes

<i>Program Comparison</i>	
<i>Old Program</i>	
Industry Volume Based	RJR Volume Based
Large volume categories	Small volume categories
EDLP Accounts Only	EDLP Accounts - Tot Category Partner Non-EDLP Accounts - Merch. Partner
Primarily Defensive Activity (Discounting)	Offensive & Defensive Activity Premium Menu - Total Category Partner
No carryover of unused funds	Funds carryover with RJR approval (not to subsequent years)
Same Rate applied to all participants	Rates differ on partnership level - Total Category Partner - Maximum rate - Merchandising Partner - Lower rate
No Mandated Match	Match required for Merchandising Partner
No Promotional Platform Requirement	Promotional Platform required for both Carton & Cigarette Outlets

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1995 Co-Marketing Accrual Program Potential Payments

<u>RJR Weekly Volume</u>	<u>RJR Only</u>	<u>RJR/Dealer Match</u>
70-89	\$36	\$72
90-111	\$44	\$88
112-140	\$56	\$112
141-177	\$70	\$140

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1995 Retail Partners Program Co-Marketing Annual \$

Based on RJR weekly average volume: 70 cartons

Co-Marketing
\$ 7,680

Co-Marketing
with retailer match
\$ 11,520

* Total Annual \$
\$ 35,520

* Total Annual \$ includes Base program + RJR Co-mkt match.

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Business Recommendations

- Place Additional self-service Full price and savings displays to have a total of three(3) pack displays per store to qualify for our Base program monies.
- Take full advantage of all Co-Marketing accrual monies and quarterly promotions .

We look forward to working with you as a partner to achieve success in meeting the needs of our consumers and cigarette category objectives in 1995.

Thank You !

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1995 Merchandising Program - Carton Outlets

<i>Program Comparison</i>	
<u>Old Program</u>	<u>New Program</u>
Payment based on size of merchandiser <ul style="list-style-type: none"> - Rows - Pack capacity 	RJR Volume - Pay for performance
Volume ranges <ul style="list-style-type: none"> - Broad - Capped near trade average 	Volume ranges <ul style="list-style-type: none"> - Multiple - Competitive in high volume accounts
Base requirements <ul style="list-style-type: none"> - Pack Merchandiser - Carton Merchandiser 	Base requirements <ul style="list-style-type: none"> - Pack Merchandiser - Position of Cartons - Share of space equal to RJR SOM
Enhancement option - Payment flexibility	Enhancement option - Payment flexibility
Component (stand alone) option	Component (stand alone) option - Payment flexibility
Minimum Volume requirement <ul style="list-style-type: none"> - 225 Industry CPW 	Minimum Volume requirement <ul style="list-style-type: none"> - 225 Industry CPW - 70 RJR CPW

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1995 Merchandising Program Requirements Carton Outlets

- **RJR Package Merchandiser(s) in Primary Position.**
- **RJR brands on top shelves contiguous, meeting at least minimum space requirements.**
- **Advertising located above RJR brand positions on merchandising fixtures.**

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1995 Cigarette Merchandising Program- Potential Payments

<u>RJR Weekly Volume</u>	<u>S/S Monthly</u>	<u>NSS Monthly</u>
70-89	\$ 163	\$ 139
90-111	\$ 205	\$ 174
112-140	\$ 246	\$ 207
141-177	\$ 310	\$ 262

**Note: Additional payment of \$ 100 per month per store
for placement of 2nd RJR Package/Promo Merchandiser**

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